

*Urge Extension of Programs Responsible for Keeping Mortgage Rates Low, Making Homeownership More Attainable*

*Washington, DC* - With the strength of the housing market linked directly to overall economic prosperity, Congressman Maurice Hinchey (D-NY) and Congressman Elijah Cummings (D-MD) are leading the effort in Congress to convince the Obama administration and Federal Reserve to reverse course and continue several key programs due to soon expire or change that are critical to keeping mortgage rates low and making homeownership more attainable. In letters sent to President Obama and Federal Reserve Chairman Bernanke this week, Hinchey and Cummings laid out a series of steps the administration should take -- some in partnership with Congress -- to prevent the housing market from becoming dramatically worse. Hinchey and Cummings also called on the Joint Economic Committee (JEC), of which they are both members, to hold hearings on the various home ownership programs that are in jeopardy of expiring.

"While we're seeing signs that the economy is beginning to turn around, it's extremely important that the housing market is handled with great care and that there aren't any sudden changes in policy that could lead to a second economic collapse," Hinchey said. "I'm leading the effort in Congress to convince the Obama administration and the Federal Reserve to adapt to the facts on the ground and modify their plans to terminate the various federal programs that have helped stabilize the housing market, kept mortgage rates low and provided extra tax relief and incentives to homebuyers. The abrupt termination of these programs could unravel much of the progress we've made in stabilizing the economy. We have a good opportunity to further stabilize and strengthen the housing market across the country while also continuing to provide strong incentives that will encourage people to buy homes."

"It is absolutely critical that we do not take our eyes off the ball right now," said Cummings. "The economy has shown signs of recovery and along with creating jobs, we must try to stabilize the housing market, to keep as many Americans as possible in their homes. Not only will this keep property values higher, but it will allow for a renewed sense of community. Neighborhoods that have grown weary of vacated homes and overgrown lawns will be able to thrive with new hope in our economic turnaround."

The Treasury Department and the Federal Reserve have announced that next month they plan to stop buying mortgage-backed securities - a collection of mortgages grouped together as a tradable security. Such a move would mean that mortgage rates, which are at record lows,

would likely start to steadily rise. Hinchey noted that increased rates would make it more difficult for new buyers to be able to afford a home while also forcing prices to drop even further. In their letter, Hinchey and Cummings, who is also a member of the JEC, urged President Obama and Chairman Bernanke to continue the purchasing of mortgage-backed securities in order to keep rates low.

Hinchey and Cummings noted that the \$8,000 federal tax credit for first-time homebuyers and the new \$6,500 federal tax credit for non-first-time homebuyers who have been in their current residence at least five years, are both set to expire on April 30, 2010. The congressmen voted for both the initial homebuyer tax credit, which applied only to first time homebuyers, as well as a second bill that extended the program through April and added the tax credit for existing homeowners. With the housing market still fragile, Hinchey and Cummings are cosponsoring legislation in the House to extend the first-time homebuyers tax credit through the end of 2010.

With many banks requiring at least 20 percent down to purchase a home, Hinchey and Cummings noted the Federal Housing Administration's (FHA) mortgage-backed program that requires a down payment of 3.5 percent, has become a critical program that has helped many Americans purchase a home. The FHA is due to soon reduce the amount of money that home sellers can contribute to the buyers' closings costs. That reduction will go from 6 percent of a home's sale price to 3 percent. The FHA is also due to increase its upfront mortgage insurance fee from 1.75 percent to 2.25 percent of the loan.